

HOUSE BILL REPORT

HB 1281

*As Reported By House Committee on:
Commerce & Labor*

Title: An act relating to workers' compensation benefits.

Brief Description: Revising provisions for workers' compensation benefits.

Sponsor(s): Representatives Jones, Heavey, Cole, R. King, Prentice, O'Brien, Hargrove, Ludwig, Leonard, Nelson, Dellwo and Basich.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 19, 1991, DP.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *Do pass.* Signed by 7 members: Representatives Heavey, Chair; Cole, Vice Chair; Franklin; Cole; R. King; O'Brien; and Prentice.

Minority Report: *Do not pass.* Signed by 4 members: Representatives Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Vance; and Wilson.

Staff: Chris Cordes (786-7117).

Background: The amount of basic workers' compensation disability and death benefits paid monthly to injured workers or beneficiaries is based on a percentage of the worker's wage at injury. The percentage varies depending on the marital status of the worker and the number of children. The minimum amount is specified for each worker's status. The maximum amount is limited to 100 percent of the state average monthly wage.

Summary of Bill: The maximum monthly disability or death benefit payable to an injured worker or beneficiary is increased from 100 percent to the following percentage of the state average monthly wage:

<u>Percent</u>	<u>Effective date</u>
133 1/3	July 1, 1991

166 2/3 July 1, 1993
200 July 1, 1995

The minimum benefit schedule is deleted and minimum benefits are established at the lesser of (1) 50 percent of the state average monthly wage, or (2) 100 percent of the worker's wages. The minimum benefit may not be less than 25 percent of the average monthly wage.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect July 1, 1991.

Testimony For: Injured workers who earn wages at higher wage levels are treated unfairly by the current maximum benefit schedule. These workers not only lose a large percentage of their income when they are injured, they also do not get compensation for the loss of fringe benefits. The 1974 National Commission on Workers' Compensation recommended that all states provide benefits at 200 percent of the state average wage. This change is needed to compensate injured workers more appropriately for the economic losses caused by their injuries.

Testimony Against: It is difficult for employers to control costs in the industrial insurance system because employers have so few choices in providing insurance. Any changes that are made in the benefit structure should give employers choices and the opportunity to participate in claims management, and should also recognize that industrial insurance benefits are tax-free.

Witnesses: (in favor) Bob Dilger, Washington State Building and Construction Trades Council; Jeff Johnson, Washington State Labor Council; and Bill Hochford, Washington State Trial Lawyers Association. (opposed) Clif Finch, Association of Washington Business; Gary Smith, Independent Business Association; and Melanie Stewart, Washington Self-Insurers Association.